



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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July 27, 1987

TO: Board of Oil, Gas and Mining

FROM: Ken May, Associate Director of Mining *Ken May*

RE: Barrick Mercur Gold Mines, Incorporated, M/045/017,
Self-Bonding and Indemnity Agreement

In December of 1986, a self-bonding indemnity agreement was signed between Barrick Mercur Gold Mines, Incorporated and the Board of Oil, Gas and Mining in the amount of \$6,657,000.00. This agreement covers the reclamation surety requirements for the Mercur Mine (Permit M/045/017). As part of this agreement, Barrick Mercur Gold Mines, Incorporated recently submitted a copy of the audited corporate financial statements for 1986. The Division had requested this additional information, so that a final determination could be made as to whether American Barrick Resources Corporation met all the requirements for self-bonding.

A review by the Division of the 1986 financial statement confirmed that American Barrick Resources met the required ratios for current assets to current liabilities and for total liabilities to total net worth. The technical review, however, questioned whether \$42,072,000 of callable obligations should be classified as a long-term debt or as current liabilities. If these obligations were to be reclassified as current liabilities, American Barrick Resources Corporation would not meet the required ratio of current assets to current liabilities.

Greg Williams and I recently met with David Bird, attorney for Barrick Mercur, to discuss this matter. It was agreed that these callable obligations do indeed represent a long-term liability as was stated in the consolidated balance sheet. Therefore, the Division finds that Barrick Mercur meets the financial requirements for continuation of their self-bond for the Mercur Mine.

clj
cc: L. Braxton
F. Filas
Mine File M/045/017
Bond File M/045/017

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